

Summary of Financial and Budget Policy Compliance

The City of Suffolk has established financial policies to ensure prudent financial practices and accountability of public funds managed by the City. The financial policies include guidelines for Revenues, Budget, Capital Improvements Planning, and Debt. A Finance Committee created by the Suffolk City Council meets on a regular basis to review and monitor compliance. As demonstrated in the attached copy of the City's financial policies and compliance summary, the City of Suffolk is achieving compliance with its financial policies. Highlights of each major compliance area include:

Revenues

- ✓ City fees and charges have been reviewed and updated in the FY 12 Operating & Capital Budget.
- ✓ Revenue collections are strong with collection rates between 96% to 99%.

Budget

- ✓ The FY 12 Operating & Capital Budget is balanced with current revenues supporting all current expenditures.
- ✓ A five year projection of revenues and expenditures is included in the FY 12 Operating & Capital Budget.
- ✓ The City has met the Undesignated General Fund balance policy goal of 12% of Governmental Fund Expenditures. The City's Undesignated General Fund balance is 13.4% of Governmental Fund Expenditures.
- ✓ The projected balance in the Risk Fund is anticipated to be sufficient to provide the required support in the FY 12 Operating and Capital Budget.

Capital Improvements Planning

- ✓ A 10 year Capital Improvements Plan has been prepared and adopted for use in the FY 12 budget year.
- ✓ The FY 12 Operating and Capital Budget includes 3.00% of General Fund departmental expenditures in cash funding in accordance with the five year FY 12 escalation plan to achieve a 3% pay-as-you-go capital funding level.

Debt

- ✓ Debt as a percentage of assessed value is 1.87% for FY 12, below the 4% policy ceiling.
- ✓ Debt as a percentage of general government expenditures is 9.06% for FY 12, below the 10% policy ceiling.

CITY OF SUFFOLK



Financial Policies

Adopted: December 5, 2007

Revised: January 6, 2010

FY 12' Budget Status: Responses where appropriate for all compliance requirements for FY 12' are denoted in red.

**CITY OF SUFFOLK, VIRGINIA
FINANCIAL POLICIES**

POLICY PURPOSE

The City of Suffolk (the “City”) and its governing body, the City Council (the “Council”), is responsible to the City's citizens to carefully account for all public funds, to manage City finances wisely and to plan for the adequate funding of services desired by the public, including the provision and maintenance of facilities. The following financial policies and guidelines establish the framework for the City’s overall fiscal planning and management.

1.01 Policy Goals

This fiscal policy is a statement of the guidelines and goals that will influence and guide the financial management practices of the City. A fiscal policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management. Effective fiscal policy:

- Contributes significantly to the City's ability to insulate itself from fiscal crisis,
- Enhances short term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible,
- Promotes long term financial stability by establishing clear and consistent guidelines,
- Directs attention to the total financial picture of the City rather than single issue areas,
- Promotes the view of linking long term financial planning with day to day operations, and
- Provides the Council and the citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

1.02 Policy Implementation and Coordination

The City has established a Finance Committee that meets approximately monthly to collectively review financial matters of the City, including the monitoring of financial activity cash and investment management, and compliance with certain policies outlined herein. Members of the Finance Committee include those individuals stipulated by ordinance adopted by City Council.

1.03 Review and Revision

These polices will be reviewed for appropriateness and comparability with AAA rated jurisdictions every three years or more frequently if a need for review is identified.